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Chairman: Mr. MacKay ..... (New Zealand)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kuznetsov

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The meeting was called to order at 3.05 p.m.

Agenda item 117: United Nations pension system (A/59/9 and Add.1, A/C.5/59/11 and A/59/447)

1. **Mr. Busca** (Chairman of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board (A/59/9 and Add.1), said that the report provided information on the global operations of the Fund, which currently consisted of 20 member organizations. In 2003, attention had been drawn to the diverging views of the Fund and the Office of Internal Oversight Services (OIOS) regarding the internal auditing of the Pension Fund. Thanks to the intervention of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the action taken by the General Assembly, the auditing function was now operating efficiently and with a better sense of responsibility and mutual understanding. In addition, the Board had approved the internal audit charter for the Fund, which represented an essential working tool for its management. The Board had expressed reservations about the establishment of an audit committee and felt that the financial implications of the proposal must be clearly assessed before any decision was taken. To that end, the Secretary/Chief Executive Officer (CEO) of the Fund had been asked to prepare a substantive document on the issue for consideration by the Standing Committee in 2005.

2. The actuarial valuation as at 31 December 2003 had confirmed that the Fund was in a strong and solid financial position and, in spite of the adverse effect of the devaluation of the United States dollar against other major currencies and the application of the five-year moving market value average method of calculating the assets, had revealed a surplus of 1.14 per cent of pensionable remuneration. The valuation included safety margins, as the Committee of Actuaries had recommended in 2003, namely, a reduction in the tabular mortality for Professional staff and certain other minor provisions. Moreover, some long-term assumptions used for the valuation were well below actual experience.

3. The funded position of the Fund had improved considerably over the previous 20 years and its capitalization was sufficient for the current structure of benefits. However, since actuarial results were influenced by variations in investment markets and currency fluctuations, the Committee of Actuaries had recommended prudence in the use of the actuarial surplus.

4. The Board had unanimously agreed to recommend to the General Assembly two measures, namely, the phased elimination of the 1.5 per cent reduction in the first consumer price index (CPI) adjustments due under the Fund's Pension Adjustment System and the implementation of an adjustable minimum guarantee at 80 per cent of the United States dollar-track amount. The total actuarial cost of those measures accounted for approximately 0.15 per cent of pensionable remuneration, leaving a margin of around 1 per cent of the actuarial surplus as a cushion against future actuarial and financial fluctuations.

5. The Board had carefully considered the possibility of purchasing additional years of contributory service and had unanimously agreed to support provisions to that end in order to improve mobility and facilitate recruitment. It had requested the Secretary/CEO, in consultation with the Committee of Actuaries, to work out the technical details relating to the introduction of such measures and to submit a report to the Standing Committee in 2005.

6. With regard to the forthcoming review by the International Civil Service Commission (ICSC) of the methodologies for determining pensionable remuneration, the Board had proposed a collaborative work schedule for the period 2004-2006 and had also recommended the establishment of a formal joint ICSC-Pension Board Working Group and a contact group of the Board. The Commission had agreed to the terms of reference of the Working Group and the modalities of cooperation.

7. As far as financial and administrative matters were concerned, the Board had approved additional resources in the amount of $5.3 million for the biennium 2004-2005, relating primarily to expenses arising from the 16-year lease agreement for the Fund's new accommodation. It also welcomed the initiative of the Secretary/CEO to develop a set of financial and accounting rules specifically for the Fund and his commitment to presenting a management charter that depicted the Fund as a service-oriented organization with a strong focus on quality of service, easily accessible information, quick and reliable responses to clients and complete transparency.

8. Following the adoption of General Assembly resolution 57/286, a Working Group had been

established to carry out a review of the size and composition of the Board. However, after considering the Working Group's report, the Board had requested it to study further the issues involved and had provided additional guidelines (A/59/9, paragraph 204) to facilitate its task.

9. Lastly, the Board had approved, subject to the concurrence of the General Assembly, the revised transfer agreement with the Organization for Security and Cooperation in Europe (OSCE) and a new transfer agreement with the World Trade Organization (WTO). It had also authorized the Secretary/CEO to finalize and present to the General Assembly proposed agreements with the Universal Postal Union (UPU), the Coordinated Organizations and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, provided that they incorporated the same substantive provisions. Concluding new transfer agreements with governments or organizations could ultimately help to improve the mobility and recruitment of staff.

10. **Ms. Bertini** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/59/11), said that, during the biennium under review, despite largely volatile markets, the market value of the Fund's assets had increased to $27.2 billion as at 27 October. After adjustment by the United States CPI, the total annualized rate of return was 8.7 per cent. The cumulative annualized total rate of return over the 44-year period for which data was available was 8.6 per cent, representing a yearly real rate of return of 4.1 per cent after adjustment by the United States CPI. The investment returns for the previous 5, 10, 15, 20 and 25 years were all above the Fund's investment objective of 3.5 per cent real rate of return.

11. The major contribution to performance during the biennium had come from bonds, which had generated a return of 21.9 per cent. Real estate and short-term investments had also performed well, yielding returns of 15.9 and 9.6 per cent, respectively. The performance of equities had been mixed; while those outside the United States showed a return of 10.7 per cent, United States equities were the only asset class with a negative return (-0.8 per cent).

12. The Fund was unique among major pension funds on account of its commitment to global investment and diversification of its assets. During the biennium under review, its equities exposure had increased to 59.7 per cent and, as at 31 March 2004, exposure to bonds was 28.9 per cent, exposure to real estate had increased to 6.3 per cent and exposure to short-term investments had decreased to 5.1 per cent. As the euro had begun to appreciate against the United States dollar, the proportion of investments in dollars had decreased from 56.6 to 48.9 per cent, while investments in major European currencies were increased from 27.8 to 35.3 per cent. In terms of geographical diversification, the proportion of the Fund invested in North America had declined to 43.3 per cent whereas investments in Europe and the Asia and Pacific region had both increased.

13. The Fund had continued to pay attention to development-related investments, with the result that, as at 31 March 2004, direct and indirect investments in developing countries amounted to $1.7 billion at cost value, which represented an increase of approximately 55 per cent since 31 March 2002. The total market value of development-related investments as at 31 March 2004 was approximately $2.2 billion, representing around 8.3 per cent of the Fund's total market value.

14. The Department of Management, in full cooperation with the Procurement Division, had recently completed the sale of a property in New York that had been purchased by the Fund in 2002. The sale had yielded a profit of approximately $30.6 million with an annualized rate of return of approximately 10.7 per cent. All contracts entered into by the Investment Management Service had been reviewed in order to ensure that they met United Nations requirements, and all future contracts would be reviewed by the Office of Legal Affairs. The Investment Management Service itself was in the process of implementing a number of reforms, including a changed custodial structure. With a view to increasing the efficiency and cost effectiveness of the system, regional custodians would be replaced by one global custodian for the whole Fund. The Investment Management Service no longer had sufficient resources to deal with the increasing size of the Fund, and measures had therefore been implemented to strengthen its capacity. For instance, a consultancy firm had been hired to assist in translating audit recommendations into appropriate action and another firm had been contracted to conduct a comprehensive review of investment practices. In

addition, the procedures employed by the Service now adhered to industry standards and its staff all complied with ethical standards laid down by the Chartered Financial Analyst (CFA) Institute. An audit charter, intended to institutionalize the internal audit function for the Fund, reaffirm the principles underpinning that function and define the pertinent conditions and procedures for the effective and efficient delivery of internal audit services, had also been drafted and approved by the Pension Board.

15. Lastly, she recalled that the Secretary-General wanted the United Nations to become a leading example of responsible corporate citizenship in its administrative and investment practices and, to that end, it would be necessary to develop a more formal investment policy for the Fund so that it could pursue a sound investment strategy on the basis of the Global Compact principles and fully exercise the best practices of fiduciary responsibility.

16. **Mr. Saha** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of ACABQ (A/59/447), said that the report of the Board could be further streamlined by presenting certain details and statistics as annexes. With regard to actuarial matters (paras. 3 and 4), the Advisory Committee agreed with the Committee of Actuaries that the current contribution rate of 23.7 per cent should be retained. Investment issues were discussed in paragraphs 5 to 9 of the report. The Advisory Committee had emphasized that, in accordance with a policy that had been advocated repeatedly by the Committee, the Pension Board and the General Assembly, all investments of the Fund must meet the criteria of safety, profitability, liquidity and convertibility.

17. The Advisory Committee had written to the Secretary-General to convey its concurrence with his plans for the appointment and reappointment of members of the Investments Committee and had encouraged him to appoint individuals from various regions of the world who had extensive experience in the various asset classes of the Fund's portfolio.

18. Part V of the report contained the Advisory Committee's comments and observations on the financial statements of the Fund and the report of the Board of Auditors. It stressed the need to comply fully and in a timely manner with the recommendations of the Board of Auditors, as approved by the General Assembly. With regard to the proposed establishment of an audit committee, it took the view that, if the Pension Board recommended the establishment of such a committee, it should be composed of members with relevant experience in internal audit in other United Nations entities and other pension plans.

19. In part VI of its report, the Advisory Committee described and recorded its agreement with a number of technical proposals and recommendations of the Pension Board concerning benefit provisions. In part VII, it expressed its agreement with the recommendation of the Pension Board concerning the revised administrative costs for the biennium 2004-2005. However, it had taken note of the upward trend in the administrative expenditures of the Fund and intended to revert to that matter when it examined the administrative budget proposal of the Fund for the biennium 2006-2007. Part VIII of the report addressed a number of other matters, including the revised and proposed new transfer agreements, approval of the admission of the Inter-Parliamentary Union and the issue of the size and composition of the Standing Committee.

20. **Mr. Repasch** (United States of America) noted with great satisfaction that the Fund's market value had reached an all-time high of $27.1 billion in the first quarter of 2004 and that its annual return for the year ending 30 March 2004 had outperformed the established benchmark. Furthermore, the Secretariat had begun to deal with the problems that had been hampering the work of the Investment Management Service and, in that connection, the findings and recommendations of both the Board of Auditors and OIOS should be addressed expeditiously so that all stakeholders in the Pension Fund would have greater confidence in the management of its investments.

21. Although the actuarial valuation of the Fund had shown a surplus, the level of that surplus had declined. It was therefore not an appropriate time to consider benefit enhancements or any other proposals that would sap the Fund's resources. His delegation supported the view of the Committee of Actuaries that it would be prudent to maintain most of the surplus to ensure the long-term success of the Fund and, in that regard, recalled that the General Assembly, in its resolution 53/210, had made it clear that there should be no change in any feature of the Fund unless and until a pattern of surpluses emerged. The recommendation contained in paragraph 182 of the Board's report, relating to the amendment of the Pension Adjustment System, was

unwarranted, since the Pension Fund should not and could not provide protection against currency devaluations and other risks to those who opted to leave the dollar track.

22. With regard to benefit provisions, in view of the latest actuarial valuation, the Board had decided to recommend the elimination of only a portion of the reduction in the first CPI adjustments. While that recommendation would reduce the actuarial surplus and was not entirely consistent with the decision of the General Assembly contained in its resolution 57/286, his delegation nevertheless supported it as a prudent measure that reflected good faith among the parties.

23. His delegation welcomed the new spirit of professionalism and cooperation that characterized the relationship between the Fund and the new team from OIOS, which had led to the preparation and approval of an internal audit charter. The risk assessment exercise planned by OIOS would also serve the Fund well. His delegation supported the Pension Board's position regarding the audit recommendations made by the Board of Auditors. In particular, the establishment of an audit committee would represent a major advance in the area of good governance, and more specific information on its composition and functioning was therefore required. His delegation supported the views of ACABQ that the audit committee must be composed of individuals with appropriate expertise.

24. Lastly, the size and composition of the Board should be considered on the basis of broader principles of efficiency and good governance rather than the desire to increase the number of members and alternates. The tripartite structure of the Board should also be maintained.

25. **Mr. Wins** (Uruguay), referring specifically to the two-track system of adjustment of pensions after award, said that retirees from some countries, particularly those from Latin America, had suffered substantial losses due to the steep depreciation of the local currency because the current system did not include offsetting adjustments for inflation. After having made contributions in dollars for many years, some retirees were receiving pensions amounting to as little as $150 and were experiencing serious financial difficulties. His delegation therefore supported the recommendation contained in paragraph 182, which would go some way towards correcting the serious imbalances in the pension system.

26. **Mr. Hackett** (Barbados) concurred that efficiency and good governance should be the primary criteria in determining the size and composition of the Pension Board. Steps should be taken to formalize the participation of retirees on the Board, alongside the three constituencies already represented. In that connection, he expressed regret that the General Assembly had not approved the Board's recommendation that its membership should be expanded. He trusted that, when the issue was next taken up, due consideration would be given to the recent increase in the number of retirees.

27. **Mr. Tal** (Jordan) expressed regret that the reports under consideration had only been made available the previous day and that the six-week rule on the timely issuance of documentation had not been respected. Given the importance of the item, delegations should have been given more time to study the reports and consult with their capitals. The failure to issue the documentation in good time could adversely affect the quality of the debate and of the resolution eventually adopted. The Committee should reflect further on the matter in the context of the efforts to revitalize the work of the General Assembly.

28. **Ms. Taylor Roberts** (Jamaica) noted with satisfaction that direct and indirect investments in developing countries had increased by more than $600 million during the previous biennium. However, there remained room for improvement. While her delegation was mindful that investments must be secure, it wished to encourage a more proactive approach to finding investment possibilities in developing countries.

29. **Ms. Udo** (Nigeria) said that she shared the concerns expressed by the representative of Jordan about the late issuance of documentation. She had not had sufficient time to consult with her capital and was therefore unable to make a detailed statement on the item. However, she wished to emphasize that, while the increase in direct and indirect investment in developing countries was welcome, such investments still represented only a fraction of the total. She failed to understand why there had not been more progress in that area, as there were many countries in Africa, including Nigeria, where investments could be made.

30. **Mr. Busca** (Chairman of the United Nations Joint Staff Pension Board) said that the impact of the Board's recommendation for an adjustable minimum guarantee for benefits payable on the two-track system

of adjustment would be very limited. The purpose of the measure was to take account of steep depreciations in the value of local currencies against the United States dollar. The recommendation was supported by the Committee of Actuaries. As to the issue raised by the representative of Barbados, efforts were being made to ensure effective representation of retirees on the Board.

31. **The Chairman** said that he was aware of the difficulties delegations faced owing to the late issuance of documentation. He was continuing to work with the Secretariat to address the problem and would report to the Committee subsequently on measures that could be taken to improve the situation.

Agenda item 114: Human resources management (*continued*) (A/59/65 and Add.1, A/59/152, A/59/211, A/59/213 and Add.1, A/59/217, A/59/222, A/59/253, A/59/263 and Add.1-2, A/59/264, A/59/291, A/59/299, A/59/357, A/59/388 and A/59/446; A/C.5/59/4)

32. **The Chairman** informed the Committee that three international staff members had been abducted from a United Nations vehicle in Kabul. On behalf of the Committee, he expressed sympathy for and solidarity with the staff members and their families.

33. **Mr. Tal** (Jordan) said that his delegation attached great importance to the item. However, owing to the late issuance of the relevant reports, it would have to limit itself to a few preliminary remarks. Concerning the efforts made to improve equitable geographical representation in the Secretariat, he stressed that the composition of the staff still did not reflect the Organization's international character. In order to address that problem, the Secretariat must comply with the provisions of Article 101 of the Charter of the United Nations and the relevant resolutions of the General Assembly. In addition, the number of posts subject to geographical distribution must be increased. He noted with concern that, between 2000 and 2004, there had actually been a reduction in the percentage of staff from developing countries in posts at the D-1 and D-2 grades and at the grade of Assistant Secretary-General and above, accompanied by a significant increase in the number of overrepresented countries. The Secretariat must reflect on the reasons for those regrettable trends and take steps to correct them. Clearly, the system of desirable ranges was not working and needed to be reviewed.

34. In the light of the high vacancy rates in some departments, the Secretariat should further reduce the time needed to fill vacancies, currently 174 days, including by cutting the time spent evaluating applicant data. However, his delegation could not endorse the Secretary-General's proposal to reduce the number of days for advertising vacancies from 60 to 45 days, which would adversely affect candidates from developing countries.

35. While his delegation supported the Secretariat's efforts to simplify and consolidate contractual arrangements, it was imperative to ensure that staff members' rights, including to career development and retirement benefits, were not infringed. He noted with concern that, under the proposed arrangements, continuing appointments could be terminated in the interest of the Organization; that was at odds with the Secretariat's claim that it sought to provide job security for all staff.

36. While his delegation welcomed the new information provided concerning the proposed conversion of staff in field missions from the 300 series of the Staff Rules to the 100 series, which the Committee had considered in May, it continued to have reservations about the financial implications of the proposal and its potentially adverse effects on the competitive nature of the recruitment process. Enhanced strategic planning by the Office of Human Resources Management would avoid the need for further wholesale conversions. As to the broader issue of contractual arrangements for field mission staff, his delegation viewed positively the second option suggested in the related report of ACABQ (A/59/446).

37. **Mr. Zhang** Yishan (China) expressed support for the reform of human resources management and welcomed the progress made thus far, including the introduction of a new staff selection system, the streamlining of human resources rules and procedures, the implementation of mandatory managed reassignment for junior Professional staff and the expanded application of the new performance appraisal system (PAS). Notwithstanding those achievements, the overall impact of the reform still fell short of expectations, and new problems had emerged that needed to be resolved. He therefore trusted that the Secretariat would enhance its efforts to implement the relevant resolutions of the General Assembly and would adopt further measures with a view to taking human resources management reform to a new stage.

38. While the Office of Human Resources Management had made welcome improvements to its human resources action plans with a view to ensuring equitable geographical representation of Member States in the Secretariat, many developing countries remained underrepresented, and there had been a steady decline in the number of their nationals at the senior and policy-making levels. The problem was particularly acute in the case of China, which was not represented at all in some departments, while in others its nationals were concentrated in low-level posts. In that connection, his delegation wished to reiterate its call for the full implementation of the relevant provisions of General Assembly resolution 57/305.

39. Improving the age structure of the Secretariat should be a priority of the Office of Human Resources Management, which should submit to the Assembly at its next session concrete plans for the realization of that goal. While his delegation understood the career aspirations of General Service staff, it noted with concern that only about 25 per cent of the candidates successful in the 2003 national competitive examinations had been recruited. A further reduction in the already limited number of posts available at the junior Professional level could result in the loss of that young talent.

40. Contractual arrangements should be flexible, balanced and performance-oriented. His delegation supported the gradual limitation of the number of permanent appointments, the expansion of the scope of fixed-term appointments and more stringent conditions for continuing appointments. The Secretary-General's proposal to grant continuing appointments to staff on completion of five years' continuous service on fixed-term appointments and following a one-time review was too generous. In fact, there was little difference between the proposed new contractual arrangement and the existing permanent appointment. The Secretariat should revisit the issue, in close cooperation with ICSC.

41. The recent upsurge in peacekeeping activities had been accompanied by a corresponding increase in the demand for civilian staff. Currently, vacancy rates were high and recruitment cycles long. Moreover, the recruitment process lacked transparency and fairness and failed to meet the goal of equitable geographical distribution. In order to address those problems, the Office of Human Resources Management should enhance monitoring of recruitment by the Department of Peacekeeping Operations, while that Department should make greater use of the Galaxy system. His delegation would also welcome closer coordination between the Secretariat and Member States in the development of a civilian staff standby capacity.

42. **Mr. Shobokshi** (Saudi Arabia) said that the late issuance of documentation had become a chronic problem. Regrettably, the reports before the Committee had not been issued in sufficient time for delegations to give them due consideration.

43. The enhancement of human resources management was a priority for the Organization. Programme managers should have clear job descriptions and effective systems of accountability should be established to ensure the proper exercise of delegated authority. For its part, the Office of Human Resources Management must take steps to increase the representation in the Secretariat of underrepresented and unrepresented Member States. His delegation would support the setting aside of 10 per cent of posts for nationals of such States. Recruitment policies must be based on the principle of equitable geographical distribution, and nationals of developing countries must occupy a greater proportion of posts at the senior and policy-making levels. His delegation trusted that the number of posts occupied by Saudi Arabian nationals would be increased in line with Saudi Arabia's share in the programme budget.

44. He expressed support for the Secretary-General's efforts to establish a diverse and multi-skilled international civil service capable of implementing complex mandates. He also welcomed the reforms undertaken in such areas as human resources planning; policies and procedures; appointment, placement and promotion; mobility; contractual arrangements; and competencies and continuous learning. The career development programmes for managers described in the report of the Secretary-General on measures to prevent discrimination on the basis of nationality, race, gender, religion or language in the United Nations (A/59/211) were most commendable. The reduction in the time taken to fill vacancies to an average of 174 days was a step in the right direction. Ultimately, that period should not exceed 120 days. In that connection, he called on the Secretariat to implement the recommendation of the Joint Inspection Unit (JIU) that information should be provided in the Arabic language on vacancies at the United Nations Economic and Social Commission for Western Asia (ESCWA).

45. His delegation noted with concern the conclusions of OIOS (A/59/152) that, although additional resources had been provided to the Office of Human Resources Management for monitoring the delegated recruitment authority exercised by the Department of Peacekeeping Operations, the Office's monitoring of field recruitment was weak. It further noted that the Galaxy system had not allowed for continuous monitoring of recruitment actions taken by the Personnel Management and Support Service because it had not been used for processing the recruitment of international civilian staff for field missions. It was regrettable that a number of mission Field Service staff had been converted to the Professional category in contravention of existing restrictions on movement into that category. The Department of Peacekeeping Operations needed to develop a global staffing strategy for field missions. Considerable work remained to be done in human resources planning, streamlining the recruitment process, screening applications for inclusion in the roster, expanding the sources of recruitment and delegating authority to field missions.

46. His delegation welcomed the proposal to appoint an Office of Human Resources Management focal point at the P-5 level to improve the recruitment of candidates from unrepresented and underrepresented Member States above the P-4 level, but wished to see the effort extended to the P-2 and P-3 levels. Underrepresented Member States must have priority. The steps which the Secretary-General had reported on, in accordance with paragraph 51 of General Assembly resolution 58/270, were positive. Heads of administration and offices must consider and follow up human resources plans and must be accountable for equitable geographical representation.

47. A mechanism must be found to handle objectively and rapidly the large number of applications for posts received through the Galaxy system so that the Organization could benefit fully from the applicants' abilities and talents. His delegation urged the Secretariat to avoid using outside consultants where in-house alternatives were available, and to give priority to specific skills for which there was demand, such as knowledge of peacekeeping or investment.

48. The Organization must not just attract staff with the best skills, it must also retain them. The success of reform in human resources management must be measured in those terms. Full use must be made of information technology in staff recruitment, training and evaluation in order to save resources and improve performance. The mobility policy, meanwhile, would help the Organization to fulfil the functions required of it.

49. **Ms. Aguinaldo** (Philippines) said that the Organization's most important asset was its staff and, in view of the many challenges which it continued to face, it must have sound policies to increase their efficiency and effectiveness. Her delegation concurred with the Advisory Committee that placement should be based on merit and carried out expeditiously. It welcomed the priority given to career development, especially the use of mentors, which would help build a better institutional memory and give staff specific skills.

50. While the gender balance in the Organization had been improved, progress in increasing the representation of women from developing countries in senior posts had been slow and deserved greater effort. Greater attention must also be paid to the concerns and career aspirations of the large number of women in the General Service and related categories. Her delegation supported the proposal contained in the report of the Secretary-General on human resources management reform (A/59/263) to increase the percentage of P-2 posts available for successful candidates in the examination for promotion from the General Service to the Professional category, as it would boost the motivation of staff to improve their skills. It also supported the proposal to reduce the time for advertising vacancies from 60 to 45 days, on condition that candidates with limited access to information technology were not unduly disadvantaged.

51. **Mr. Nguyen Dinh Hai** (Viet Nam) said that the reform of human resources management, which had been in progress for six years, aimed to make the Organization more productive, flexible and result-oriented in order to better serve Member States. The reform was an ongoing process which should lead to a comprehensive and fair system of recruitment, placement and promotion; more equitable geographical distribution and gender balance among the staff; appropriate conditions and quality of service for the staff; a transparent system of delegation of authority; a proper system of responsibility and accountability; and an effective system of administration of justice.

52. His delegation shared the views expressed by the Advisory Committee (A/59/446) regarding reporting on progress, monitoring, accountability and responsibility,

advertising and filling of vacancies and rejuvenation of staff. While it welcomed the progress made in improving gender balance, mobility and geographical distribution, efforts in those fields must continue. The report of the Secretary-General on human resources management reform (A/59/263) had established concrete steps to be taken in all areas of human resources management. His delegation hoped that those activities would be carried out on the basis of the recommendations of OIOS and the Advisory Committee and would produce concrete results.

53. **Mr. Kovalenko** (Russian Federation) said that his delegation attached great importance to achieving the best possible performance from the Secretariat staff based on their effectiveness and flexibility and on the best human resources management practices. The roles of the Secretariat and the General Assembly in the reform of human resources management must be clearly defined. Unfortunately, the Secretariat had increasingly tended to exceed its powers in that regard, encroaching on the prerogatives of Member States when interpreting the basic documents of the Organization, including the Staff Regulations and Rules. Examples were the use of 100 and 300 series appointments, and the establishment of the Senior Management Service, which the Assembly had begun discussing at its fifty-seventh session.

54. The proposal to move mainly to continuing contracts, which amounted to quasi-permanent contracts, ran counter to the trend in national civil services and in the private sector, with whose salary levels the Secretariat was seeking to compete. His delegation believed that up-to-date contract arrangements must provide the greatest possible flexibility in managing human resources and could not see the advantage of continuing contracts over fixed-term contracts. Nor could it see the point of giving staff with probationary or fixed-term appointments a claim to permanent contracts.

55. Despite the Committee's requests in the spring of 2004, the Secretariat had offered no creative alternatives to the use of 100 series appointments for field service posts. The Secretariat should examine arrangements for such posts carefully, taking into account the observations of the Advisory Committee in that regard. It also agreed with the Advisory Committee that the key aspects of the mobility policy must be determined by the General Assembly. Mobility could not be made compulsory for all staff, as that would carry unpredictable financial consequences and might make the Organization less effective. Those risks were especially great if the mobility policy was extended to General Service staff, who would automatically become international staff when they moved to another duty station, even though such a change of status clashed with the characteristics and conditions of salary and service of that category. On the other hand, mobility among senior staff at the D-1 and D-2 levels must be more actively encouraged, to retain and disseminate the Organization's institutional memory, experience and know-how.

56. The General Assembly should consider increasing the number of posts subject to geographical distribution by including peacekeeping and all extrabudgetary posts, as was already the case in a number of international organizations. For its part, the Secretariat should provide figures to show the impact that such an increase would have. His delegation disagreed fundamentally with the conclusions regarding Text-Processing Units contained in the report of OIOS on the availability in local labour markets of the skills for which international recruitment for the General Service category takes place (A/59/388) and could not understand why the report had disregarded the numerous other technical staff entitled to international benefits. In its view, any recruitment and outreach campaigns in countries in which a particular language was not spoken and which lacked the necessary specialist training establishments would be a waste of valuable time and resources and would further reduce the quality of the output of the language services. Cost savings must not be used to justify violating the Organization's fundamental principles, which included multilingualism. His delegation was also opposed to the recruitment of staff whose actual place of residence was thousands of kilometres from their place of employment as if they had been local staff. It called on OIOS to take account of that phenomenon, which substantially misrepresented the availability on the local labour market of specialist staff in particular disciplines.

57. **Mr. Gansukh** (Mongolia) said that his delegation supported the conclusions and recommendations on the reform of human resources management made by the Secretary-General, OIOS and the Advisory Committee.

58. More concerted efforts must be made to promote equitable geographical distribution in the Secretariat. Although the General Assembly had adopted several

resolutions on that subject, the situation had not improved, with 15 Member States unrepresented and many others underrepresented or, like Mongolia, below the midpoint of their desirable range. The Secretariat should extend preferential selection to candidates from unrepresented or underrepresented Member States.

59. His delegation welcomed the near doubling of the number of countries that had participated in the national competitive examinations programme over the previous three years. There was room for improvement, however, as many successful candidates were simply placed on waiting lists. It also welcomed the proposed efforts to improve recruitment of candidates from unrepresented or underrepresented Member States by providing a "fast track" to posts at the P-4 level or above and appointing an Office of Human Resources Management focal point at the P-5 level as well as national focal points.

60. **Mr. Garcia** (United States of America) said that while much had been accomplished in the effort to reform human resources management at the United Nations, further improvements were needed. His delegation concurred with the impression of the Advisory Committee that relations between staff and management had broken down over the issue of human resources management reform. Both parties must make a concerted effort to work together to achieve common goals. In the interests of proactive human resources management, managers must be aware of, and involved in, planning and executing their Human Resources action plans to properly identify their workforce needs, train and evaluate staff and provide effective career advancement and mobility.

61. His delegation strongly supported efforts to integrate recruitment, selection, broad geographic representation, gender parity and mobility into human resources planning and management. It noted that the time taken to fill a vacancy had fallen from 275 days in 1999 to 174 days currently and supported reducing the number of days a vacancy must be advertised from 60 to 45. The Office of Human Resources Management and individual managers must continue to work together to reduce recruitment time so that the United Nations quickly obtained the necessary staff and applicants benefited from a more speedy process.

62. The Galaxy selection system had revolutionized the way in which the United Nations recruited applicants and selected the best qualified candidates. Like OIOS and the Advisory Committee, his delegation encouraged the Secretary-General to promote and expand Galaxy's use in order to provide job seekers, staff members, central review bodies and managers with a transparent selection process that was beneficial to all.

63. The trend towards reduced numbers of unrepresented and underrepresented States had recently slowed and the number of overrepresented States had increased. Greater efforts should be made to address that issue, including making managers more accountable for achieving the Organization's hiring goals. His delegation supported the Secretary-General's proposal to establish national focal points in the Office of Human Resources Management and to create a special roster of candidates endorsed by the central review bodies. However, rather than circumventing the issuance of a vacancy announcement, such a roster should simply enable rostered candidates to be considered without having to submit a new application. The overriding criterion in the selection of candidates must be securing the highest standards of efficiency, competence and integrity, as stated in the Charter of the United Nations.

64. Although gender parity had been achieved in the junior Professional and General Service categories, it was still a problem at the most senior levels. Member States should support the Organization's efforts by identifying and encouraging more women to apply and by nominating more women candidates. The possibility of 1,689 vacancies within the next five years was a significant opportunity for progress towards parity, and managers must assume responsibility for fulfilling the goals set by the Organization in that regard.

65. His delegation supported the simplification of contractual appointments and looked forward to further discussion of the Secretariat's proposals for the three types of appointment. It would welcome the input of ICSC and noted that the Commission intended to report to the General Assembly at its sixtieth session on that important issue. It encouraged the Secretariat to continue its information, planning, and training and evaluation campaigns to ensure a smooth transition to the mandatory mobility policy, which was due to take effect in May 2007. Like the Advisory Committee, it expected indicators to be established and close monitoring to take place to ensure that the mobility system achieved the desired goals. It continued to be concerned about the Organization's practice of spending millions of dollars annually to hire consultants,

contractors and retired personnel rather than developing in-house resources to meet essential needs. The Secretariat must improve succession planning, especially since retirements were highly predictable in the Organization. His delegation agreed with the thrust of the OIOS report on the impact of the human resources management reform, particularly the conclusion that managers must be held more accountable for their human resources management actions.

66. While it understood the need for the Secretariat to consider all options for meeting essential resource needs, his delegation agreed with the Advisory Committee that the conversion of the contracts of large numbers of peacekeeping staff was unlikely to meet the short- and long-term needs of the Organization. It was also concerned that other entities in the common system had developed compensation packages that were inconsistent with the common system. However, it remained true that contractual arrangements for those staff who had reached or were close to the limits on United Nations employment under the 300 series of the Staff Rules must be immediately addressed.

67. **Mr. Abbas** (Pakistan) said that human resources management reforms were the key to improving the Organization's capacity to fulfil its diverse mandates effectively and efficiently. The current session of the Assembly provided a useful and timely opportunity to review progress in the implementation of the reform package that had been adopted nearly four years previously. The time had come to analyse what had been achieved, what had not worked and why and where refinements and improvements were needed. The Committee's task would have been greatly facilitated if the required documentation had been made available on time.

68. While the Galaxy e-staffing system was an important management tool, its effect on improving the recruitment of competent staff must be evaluated. Even though it seemed to have increased access to employment opportunities, it was difficult to see how the large numbers of applications it had generated could be processed while still fulfilling the requirement for merit and transparency. Moreover, despite the considerable investment in Galaxy, there had been no corresponding decrease in the time it took to fill vacancies, both at Headquarters and in peacekeeping missions. Efforts should continue to expedite the recruitment process and to ensure that candidates were not selected on the basis of opaque or non-professional considerations.

69. His delegation welcomed the increase in the representation of underrepresented Member States and the decrease in the number of unrepresented Member States from 28 in 1994 to 15 in 2004. However, equitable geographical distribution was restricted to a limited number of Secretariat staff. It hoped that the new staff selection system would facilitate better representation of developing countries and increase the recruitment of women from developing countries to the Professional and higher categories.

70. Contractual arrangements affected a large number of employees and must be made more equitable. His delegation had noted the proposals of the Secretary-General in that regard, but required more information on their implications. It agreed with the Advisory Committee that the report of the Secretary-General on human resources management reform (A/59/263 and Add.1 and 2) did not contain enough information on the steps taken to ensure responsibility and accountability, despite the clear request of the General Assembly in its resolution 57/305. With enhanced delegation of authority to programme managers, there must be strict and effective accountability mechanisms to prevent abuse of delegated powers.

71. His delegation recalled that the Secretary-General had proposed to create a versatile, multi-skilled and experienced international civil service, to match the requirements of an increasingly field-oriented Organization and agreed that the premise underlying his recommendations on mobility was that staff did not own their jobs and managers did not own their staff. That policy should strictly follow the criteria set out in General Assembly resolution 57/305 to meet the diverse needs of the Secretariat and advance reform and change in the work culture of the Organization.

72. **Mr. Demessinov** (Kazakhstan) said that his delegation attached great importance to the human resources management reform and welcomed the progress made so far, particularly the support given to the new recruitment system. However, there was need for a more comprehensive approach to the analysis of the results to take into account the views of all parties to the process, in particular those of the staff representatives. The deterioration in staff/management relations as a result of disagreements over the reform was regrettable and the dialogue must be resumed

without calling into question the conceptual basis of the reform. The conclusions of the Advisory Committee, on recruitment in particular, and the technical problems with the management of the Galaxy system gave cause for concern. His delegation agreed with the Advisory Committee that the criteria for the electronic screening of applications must be made clear to all. The Secretary-General's proposal on the rationalization of the process merited support.

73. The question of promotion from the General Service to the Professional category was a vital one for Kazakhstan, an underrepresented State, which was concerned about the impact of such promotions on levels of geographic representation. Table 2 of the Secretary-General's report (A/59/263) showed that they would double the number of overrepresented States.

74. Human resources management reform entailed close collaboration between all parties, which must be based on an understanding of the importance of strategic changes for the institutional effectiveness of the Organization and on an open dialogue.

75. **Mr. Terzi** (Turkey) said that human resources management was a key issue which had a direct impact on the Organization's success. His delegation therefore welcomed the progress made so far with the reform, although much more remained to be done. It agreed with the Advisory Committee that such a broad-based reform must be accompanied by close cooperation between staff and management and that a more energetic and enthusiastic effort was required, notwithstanding the risk of reform fatigue. While, the reforms would enhance accountability and transparency across the Organization and make it more robust and effective, there would be adverse side effects for the staff, which might be offset by improving their living and working conditions.

76. Rejuvenation of the staff would help to create a flexible workforce and speed up the reform process. To that end, it was necessary to create a working environment that would attract staff of the highest calibre and enhance their involvement in and dedications to the Organization. However, the "one size fits all" approach was not appropriate. Disparity in conditions of service for staff in the field raised serious concerns about equity and morale and must be addressed in a balanced manner.

77. It was regrettable that after more than 50 years the United Nations still had underrepresented and unrepresented Member States and still lacked a multicultural structure. Every effort should be made to secure equitable geographical distribution and to attain the goal of equal gender distribution at all levels.

78. **Mr. Davis** (Bahamas) said that his delegation was particularly concerned about the high vacancy rates, particularly in United Nations offices in developing countries. It was therefore glad to note from paragraph 181 of his report that the Secretary-General attached high priority to reducing further the vacancy rates at the regional commissions, including the Economic Commission for Latin America and the Caribbean (ECLAC). However, it was troubling that the post of Director of the subregional headquarters of ECLAC for the Caribbean had been vacant for over a year. An update on the Secretariat's efforts to fill the post would be welcome. The Bahamas endorsed the recommendations made in the reports of the Secretary-General and would have supported much bolder proposals.

79. **Mr. Yamamoto** (Japan) said that human resources management was of paramount importance to the Organization and the Office of Human Resources Management should continue its laudable reform efforts and consider further changes where necessary.

80. The best way to improve equitable geographical representation was to find good candidates from unrepresented and underrepresented States. The Secretary-General's proposed "fast-track" approach to recruitment was welcome, but cooperation with unrepresented and underrepresented States was also essential. In that regard, the proposed national focal points would enhance cooperation, especially if individual departments were involved in the strategy. In resolution 57/305 the General Assembly had in fact requested the Secretary-General to provide information not only on the development of programmes but also on setting specific targets. Targets were a necessary means of encouraging everyone to work towards the achievement of equitable geographical representation.

81. The Secretary-General's proposed increase in the percentage of P-2 posts available for successful candidates in the examinations for promotion from the General Service to Professional category would reduce the number of posts available to successful candidates in the national competitive examinations, which were one of the few measures to have improved geographical distribution. While his delegation was

aware of the frustration felt by General Service staff, the real problem lay in the limited number of posts available overall for successful candidates. The imbalance in the post structure should be corrected by increasing the number of P-2 posts rather than by increasing the competition between the two types of examination.

82. With regard to contractual arrangements, ICSC was to submit a final report on the issue to the General Assembly at its sixtieth session. Consideration of the issue should therefore be deferred until then.

83. With regard to the use of 300 and 100 series appointments in the staffing of field missions, it was regrettable that the Secretary-General had considered only existing mechanisms. Staff contracts should be adapted to the new situation in such missions, and a new mechanism was needed for that purpose. ICSC had considered the application of 300 series appointments to mission staff and the differences in conditions of service between agencies, funds and programmes. The question should be considered further in the context of the common system.

84. Staff mobility was an important element of human resources management. The advantages of keeping a staff member in one post were offset by a loss of organizational flexibility and a negative impact on the development of a versatile staff. His delegation would welcome information on the situation with regard to the redeployment of up to 50 posts requested by the General Assembly in resolution 58/270. It was regrettable that, notwithstanding the request made by the General Assembly in resolution 57/305, the Secretary-General had not fully addressed the issue of underrepresentation. The General Assembly had clearly called for an analysis of the difference between the number of nationals and the lower limit of the desirable range of each underrepresented State. The provision of figures merely on the numbers of unrepresented and underrepresented States did not meet the request. Such an analysis should be based on the discussion of the question in the General Assembly and would help to measure the achievements of the Office of Human Resources Management under the results-based budgeting system. Clarification of the issue by the Secretariat would be welcome.

85. **Mr. Elji** (Syrian Arab Republic) said that his delegation welcomed the Secretary-General's proposals on human resources management reform and his emphasis on the need for the Organization to have personnel capable of meeting the new challenges. Staff members were the Organization's most valuable asset and they must have a role in the reform process. His delegation had noted the comments of the staff representatives on the lack of a constructive dialogue with the management and their assertion that the reform had become an end in itself. It endorsed the Advisory Committee's remarks on that point. The Office of Human Resources Management had to be the locomotive of the implementation of a policy of change and development but it had not yet assumed that crucial role.

86. Selection and appointment procedures provided the main guarantee of the independence of the international civil service, but the recruitment system still did not offer sufficient transparency or accountability. The central review bodies had played a very limited role, and the withdrawal of the staff representatives from them cast doubt on their legal status.

87. Mobility was a two-edged sword: it could enhance the staff's experience but it might also become a tool of their arbitrary and discriminatory treatment. The mobility criteria were not clear, and the Committee had not been given details of the financial implications of the proposals and the possible family problems which they might cause. Language staff should certainly be excluded from any mandatory policy on mobility.

88. His delegation noted the career development activities which had been undertaken, in particular the effort to improve the staff's language capabilities. Such activities should be extended to other United Nations offices, and language courses should be provided for diplomats and their families at reasonable cost.

89. Contractual arrangements must take account of the need to ensure the independence and job security of staff members. Permanent contracts provided a reasonable guarantee in that regard.

90. The Organization was still far from achieving equitable geographical distribution. National competitive examinations were the best means of recruitment and it was regrettable that language posts were not subject to equitable geographical distribution and filled through the national competitive examinations. The information circular on the 2004 national competitive examination for Associate Radio Producers (ST/IC/2004/21) provided a good example

of a practice which the Secretariat should correct. It was also regrettable that no Syrian nationals had been appointed since 2000 and that there had been no Syrians at the Director and higher levels for several years. The Secretariat might also clarify the procedures referred to in the Secretary-General's report on measures to prevent discrimination on the basis of nationality, race, gender, religion or language (A/59/211). It was regrettable that OIOS had not corrected its mistake of submitting reports in which countries were listed according to geographical groups based on political considerations instead of in alphabetical order.

91. While it was acceptable for retirees to be recruited as temporary assistance in the language services, the excessive recruitment in advisory or consultative capacities of staff members who had retired from the higher levels of the Secretariat clearly contravened General Assembly resolutions. Furthermore, 56 per cent of the expenditure on the recruitment of retirees related to persons from developed countries, which accounted for only 20 per cent of the Organization's membership.

92. Many aspects of the item required further follow-up. His delegation looked forward in particular to the continuation of the debate in the context of the item on the administration of justice.

The meeting rose at 6.05 p.m.